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C O N F I D E N T I A L SECTION 01 OF 06 NEW DELHI 004961

SIPDIS

E.O. 12958: DECL: 06/30/2015

TAGS: [PREL](#) [KNNP](#) [PARM](#) [ETTC](#) [KSTC](#) [IR](#) [PK](#) [CH](#) [IN](#) [NSSP](#)

SUBJECT: US-INDIA NON-PROLIFERATION DIALOGUE

REF: A. NEW DELHI 4719

[B](#). NEW DELHI 4718

[C](#). NEW DELHI 4717

[D](#). NEW DELHI 4715

[E](#). STATE 112244

[F](#). NEW DELHI 3652

Classified By: Charge Bob Blake for Reasons 1.4 (B, D)

[1](#). (C) Summary: Arms Control A/S Stephen Rademaker and representatives from AC, NP, SA, OSD, and Embassy met GOI counterparts, led by MEA Additional Secretary (International Security) Meera Shankar on June 16 to continue the ongoing bilateral dialogue on strategic stability and nonproliferation issues. The following cable reports on the nonproliferation session of the dialogue; strategic stability issues will be reported septel. Topics included the NPT Review Conference, DPRK, Iran, India's new WMD Act, questions about NSG and MTCR adherence, the Proliferation Security Initiative (PSI), nonproliferation amendments to the SUA Convention, pending onward proliferation cases, and the Tracker automated export control system. The talks were candid and friendly, but Additional Secretary Meera Shankar noted that the GOI needed to find its own way forward on NSSP-required adherence to the NSG and MTCR. End Summary.

[2](#). (U) Before launching into the lengthy agenda, Shankar noted that the GOI was pleased with the "steady progress" on many legacy issues as both countries "updated their perceptions of the other," but observed "cautious progress" toward new opportunities.

Review of NPT RevCon

[3](#). (C) In her opening remarks, Shankar contrasted the failures of the NPT with GOI nuclear policy based on transparency, responsibility, predictability, and self-defense. Despite being outside the NPT, Shankar stated that India adheres to the principles of the NPT, has a "pristine" record of nonproliferation, and wants to be a partner in strengthening the NP regime. In addition, the GOI shares US concerns about the "arc of proliferation from North Korea in the east to Iran and Libya in the west." The only way the NPT can be strengthened, however, she contended, is through a "forward-looking process." Asked for his assessment of the recently concluded Five Year Review Conference, A/S Rademaker stated that the recent NPT RevCon was not a failure because there was discussion of critical issues such as Iran and DPRK compliance, although not agreement on a final text. He attributed lack of agreement on substantive issues to Egypt's intransigence on procedural issues. Noting that three of six previous RevCons had not produced an outcome document, he opined that real progress on substantive nonproliferation issues could be made in other, more effective fora in the future, such as the Nuclear Suppliers Group and the PSI.

DPRK

[4](#). (SBU) A/S Rademaker described the history of North Korea's abuse of the NP regime and new efforts to resume the Six-Party talks, buttressed by the international community's consistent message urging Pyongyang to re-engage. Shankar expressed GOI support for resumption of the Six-Party talks, adding that the GOI would like the talks to address not only the DPRK's nuclear program, but also proliferation linkages which directly impact South Asia.

Iran

[5](#). (C) Similar to North Korea in the 1990s, A/S Rademaker explained, Iran had been caught "red-handed" in its nuclear weapons development, and had compounded the problem with a pattern of excuses, discrepancies, and intractability. The EU3 had been optimistic that a solution may be found if Rafsanjani were elected, but A/S Rademaker pointed out that Rafsanjani was the Iranian President for 8 of the 18 years that Iran had been in violation of IAEA rules. He went on to ask the GOI to agree that Iran continue suspension of its enrichment program, that Iran should negotiate with the EU3 on the objective guarantee of cessation and dismantling its sensitive fuel cycle activities, and, failing these, that India support reporting Iran to the UNSC.

16. (C) Shankar responded that the GOI encourages all signatories to abide by their NPT obligations and encourages Iran to cooperate with the IAEA and EU3, but asserted that the US is asking Iran to go beyond its NPT obligations. Recalling Iran's history of deception regarding the nature of its program, A/S Rademaker replied that the US will not accept "enhanced safeguards" as sufficient reassurance to allow Iran to keep its sensitive fuel cycle capabilities. Shankar responded that although India has close relations with Iran and has a strong interest in resolving this crisis, because of India's "semi-safeguarded" status, New Delhi would be "in a difficult position" to convince Tehran to give up its entire nuclear program.

AQ Khan Network

17. (C) Noting press reports that highly enriched uranium (HEU) particles on contaminated centrifuges in Iran had come from Pakistan, Shankar asked for confirmation about the source of the particles. Noting that the results of the IAEA's testing were not yet known, A/S Rademaker stated that regardless of their origin, Iran has already admitted to a history of undeclared uranium enrichment that clearly violated its safeguards obligations. Asked if the IAEA had questioned AQ Khan about his network's involvement in the Iranian program, A/S Rademaker said the Khan network was the focus of an international criminal investigation, but access to Khan himself was limited.

18. (C) Shankar responded that "Khan's network continues to unravel, driven by the dependence of Pakistan's nuclear program on clandestine procurement and fueled by Pakistan's drive to assert control over the Islamic world." She went on to assert that the program was not the work of an individual motivated by greed or ambition but had explicit state support, citing examples of equipment delivered via Pakistani military aircraft. Unlike in previous meetings, Shankar did not ask for more information about the network, saying instead that the GOI "does not want to complicate the work of the international community in unraveling the network."

Concern about Nuclear Linkages between Pakistan and China

19. (C) Shankar went on, however, to describe security threats to India arising from China's 20-year relationship with Pakistan. She expressed dismay that China was allowed to grandfather the 300-megawatt Chashma II nuclear power plant in eastern Pakistan and fuel for the Chinese-supplied safeguarded reactors while the extent of the Khan network was being investigated. Noting that the border between Pakistan and China is not monitored, according to Shankar, the GOI had intelligence that items such as propellants, night vision cameras, and gyro-stabilization devices were being transferred from China to Pakistan, and "unconventional financial transactions" from Pakistan to China have been detected, including via the US. The GOI was disappointed that the international community tolerated proliferation from China, an NPT signatory, but still treated India as a pariah, Shankar concluded. Later, Shankar passed two non-papers about proliferation linkages between China and Pakistan (Refs A and B).

India's Nonproliferation Initiatives

10. (U) Shankar described India's nonproliferation initiatives as "sui generis" (of its own kind); not as a result of the NPT, but because of India's own sense of responsibility to safeguard this technology. She outlined GOI initiatives in the areas of nuclear safety, nuclear security, and export controls, among them: acceding to all 12 UN mechanisms to combat terrorism, active participation in efforts to search and recover radiological sources, involvement with the US and the IAEA in the Regional Radiological Security Partnership, support for the IAEA's Code of Conduct, and continuing EXBS exchanges.

Questions about India's New WMD Bill

11. (C) Chief among GOI nonproliferation initiatives was the newly enacted WMD Bill (Ref F) which extends GOI authority over the transit, trans-shipment, and brokering of WMD and related intangible technologies and includes "catch-all" language. In particular, Shankar stressed the difficulty of including catch-all controls in the new legislation, explaining that some agencies thought such language was too broad.

12. (C) A/S Rademaker gave the GOI a non-paper containing several technical questions about the bill and its coverage (Ref E). Rademaker stressed the US need for confirmation that these issues will be addressed in implementing

regulations. For example, the USG had noticed a difference between the GOI and Missile Technology Control Regime (MTCR) definitions of "missile," and asked how the GOI would ensure that the broader MTCR definition would be the governing definition in Indian regulations. Shankar responded that the GOI was still in the early stages of reviewing its implementing regulations and she could not comment on how regulations would be promulgated, but noted that the law's "missile" definition had been carefully chosen and changing it was unlikely. Shankar did not respond to A/S Rademaker's question to clarify whether the GOI was reviewing its current regulations or would be drafting new regulations, but only said that the GOI hoped to complete the exercise before the PM's July 18 visit to the US. She remarked that the GOI would welcome a statement of appreciation for the legislation from the USG.

Discord about Harmonization and Adherence

113. (C) Broaching the most contentious issue of the meeting, A/S Rademaker asked about GOI plans for adherence to the MTCR and NSG regimes. Shankar said that the procedure for accomplishing this had to be accepted nationally, and suggested that rather than the two-step process outlined in the NSSP, that GOI may accomplish adherence in a single step. A/S Rademaker replied that in order to combine NSSP Phases 2 and 3, the GOI must harmonize its control lists then adhere to the MTCR and NSG regimes, as laid out in the non-papers provided to the GOI in November 2004. Shankar stated that the GOI had made no final decision about adherence and it may adhere "informally" by a mechanism different than the regime-standards laid out in non-papers previously presented by the USG. Further, she asserted that harmonization and/or adherence was an autonomous matter that should be left to the GOI and implied that harmonization may be sufficient. A/S Rademaker underscored that formal adherence is a condition of the NSSP, and that adherence and harmonization are two separate issues. Shankar stated that the GOI is currently only focused on harmonization and reiterated that this is an autonomous process, appealing for "political space" for India to accomplish this its own way.

Proliferation Security Initiative (PSI)

114. (C) With the endorsement of more than 60 countries, A/S Rademaker expressed hope that the GOI would support PSI, regardless of the nebulous future of the Core Group. He added that the success of PSI to date has been that the initiative is "self-propelled" and does not rely on the direction of the ad hoc Core Group, which, he pointed out, has not met in the last year. Shankar explained that the GOI would defer its decision about whether to join PSI until a decision is reached on the status of the Core Group. If the Core Group were disbanded, India would still seek "equal and non-discriminatory participation" in any PSI decision-making successor. Noting that the Indian public is "very vigilant about any perceived diminution of Indian sovereignty," Shankar said that the GOI also had reservations about the authority of other countries to interdict and board Indian ships, a reservation shared by other countries, e.g., France. Noting similar concerns in the US, A/S Rademaker explained that the USG did not consider PSI to allow "carte blanche" boarding of its own vessels and was seeking ship-boarding agreements with other countries that do not diminish national sovereignty.

Suppression of Unlawful Acts (SUA) Convention

115. (C) Although the GOI supports the objectives of the SUA Convention, Shankar expressed concern that the proposed "catch-all" language may prevent the transport of dual-use items for civilian use, such as nuclear safety equipment. She noted that other countries, e.g., Israel, have also flagged this language for further review. If this language is adopted, Shankar stated that the GOI may reconsider its support for the Convention. A/S Rademaker stated that the US was "sensitive to forbidding actions that we would not want to forbid," and promised to look into the matter.

Onward Proliferation Cases

116. (C) Describing India's record of nonproliferation as "mixed" because the GOI previously lacked the legal framework necessary to pursue certain cases the US raised in the past, A/S Rademaker lauded the recent passage of the WMD Bill giving the government greater authority to investigate and prosecute proliferators. Shankar replied that MEA had recently established an interagency group to facilitate investigation of possible cases of proliferation, adding that "the compulsion to investigate these cases is not as strong in other agencies."

17. (C) A/S Rademaker gave the GOI a non-paper of 17 open cases of suspected proliferation with specific questions about each case (septel). MEA Under Secretary (Disarmament and International Security) Nutan Kapoor provided non-papers on two cases, Phulchand and BARC (Refs C and D), and gave oral comments on the following cases:

-- Phulchand: (See text of non-paper in Ref C) GOI asserts that the transaction did not happen because of GOI intervention. According to Kapoor, the end-use of the CW precursor was for gold mine extraction.

-- Balaji Amines: The GOI is waiting for more info from the US about the end-user.

-- KG Global: The GOI has decided hold a hearing on the firm's activities, but the specific transaction questioned by the US did not happen.

-- Anu Technology: According to Kapoor, this case is ten years old. The GOI stopped the transaction at USG request, although there was no evidence. The GOI continued to monitor the firm's activities and discovered relevant evidence based on a minor violation. The GOI has begun legal proceedings against the firm.

-- Graphite Technology: Because of GOI intervention, the transaction did not occur, either with the Iraqi firm nor with the Jordanian front company.

-- RJ Associates: GOI investigations revealed no use for the AG-controlled chemical reactor vessels besides their stated purpose for pharmaceuticals.

-- Sabero: The Indian firm declined further requests for shipment of a CWC and AG-controlled chemical from the Iranian firm, although the transaction would be permissible under Indian law if the firm obtained the appropriate license.

In addition, the GOI asked the USG to investigate the following possible cases of proliferation to Pakistan:

-- Chlight: (See text of non-paper in Ref B) GOI asserts that the equipment that Chlight sought to procure, although not a controlled item, contributes to Pakistan's nuclear program.

-- Project Management Organization: (See text of non-paper in Ref A)

18. (C) State's NP representative noted that Washington had made a political decision to drop three Iraqi cases from the list of open cases and the SA representative confirmed that the USG considered all other cases closed.

19. (C) Shankar asked about the USG policy to include conventional weapons transfers in the nonproliferation dialogue. A/S Rademaker responded that although there were currently no open conventional cases in the USG-provided non-paper, we raise these in our nonproliferation discussions because of our differing perspectives and since some transfers could trigger US sanctions. Toward that end, Rademaker strongly advised against arms transfers to Sudan to avoid the accusation of being complicit in genocide. The NP representative added that providing Lethal Military Equipment to Sudan could also run afoul of US laws, leading to potential sanctions. A/S Rademaker also cautioned against conventional and sophisticated weapons transfers to Iran and Syria as those weapons may be used against Coalition forces in Iraq.

20. (C) On Iran, A/S Rademaker added that conventional weapons transfers as well as WMD cooperation could compel the US to impose sanctions under the Iran Nonproliferation Act (INPA). "A close relationship with us precludes a close relationship with Iran," he concluded. Shankar described GOI relations with Iran as "limited," adding that the GOI scrutinizes and monitors its joint activities. On the case of the two Indian scientists sanctioned for cooperation on Iran's WMD program (Drs. Surendar and Prasad), Shankar reiterated the GOI belief that USG information about the two scientists was incorrect. "We take your points seriously," A/S Rademaker said, adding, "The law is inflexible, but not infallible. If we made a mistake, we can correct it."

Tracker Automated Export Control System

21. (C) Over lunch, A/S Rademaker outlined the USG offer to provide a Tracker Export Control System, and necessary hardware and training for the GOI to evaluate. He noted US willingness to send a small team to New Delhi to demonstrate and discuss possible arrangements to collaborate on development and that the US was also prepared to discuss the possibility of establishing a small bilateral working group for future development -- the first such working group on

Tracker. Shankar was unsure of GOI interest in adopting Tracker in part or in whole but expressed willingness to learn more about the system. (Note: Embassy delivered invitation to the Tracker workshop to Shankar on May 27.)

Participants

22. (U) USG Participants:

State Dept. Assistant Secretary for Arms Control Stephen Rademaker
Embassy New Delhi DCM Robert O. Blake, Jr.
State Dept. Arms Control Bureau Robert Gromoll
State Dept. Arms Control Bureau Tom McIlvain
State Dept. Non-Proliferation Bureau Kathryn Schultz
Embassy PolMilOff Stacy Gilbert (Notetaker)
Defense Dept. Office of the Secretary Stacie Konan
State Dept. South Asia Bureau Matt Lowe

GOI Participants:

MEA Additional Secretary (International Security) Meera Shankar
MEA Deputy Secretary (Americas) Santosh Jha
MEA Under Secretary, Disarmament and International Security, Nutan Kapoor
MOD Defense Research and Development Organization, Dr. Anup Chatterjee
Dept of Atomic Energy, Dr. S.D. Misra
Dept of Atomic Energy, Scientific Officer, Dr. A.B. Awati

23. (U) A/S Rademaker cleared this cable.

BLAKE